

## § 302-15.11

**§ 302-15.11 If my agency authorized, and I elected to receive, payment for property management expenses, may I later elect to sell my residence at Government expense?**

Yes, you may change your selection from receiving property management expenses to selling your residence at Government expense provided:

(a) Your agency allows you to change your election of payment from property management expenses to the sale of your residence at Government expense; and

(b) Payment for sale of your residence at Government expense is offset in accordance with your agency's policy established under § 302-15.70(d).

**§ 302-15.12 If my agency is paying for property management services under this part and my service agreement expires, what must I do to ensure that payment for property management services continues?**

You must sign a new service agreement (see § 302-2.13 of this chapter) to continue to this benefit.

**§ 302-15.13 What are the income tax consequences when my agency pays for my property management services?**

When your agency pays for your property management services, you will be taxed on the amount of expenses your agency pays for property management services whether it reimburses you directly or whether it pays a relocation service company to manage your residence. Your agency must pay you a relocation income tax (RIT) allowance for the additional Federal, State and local income taxes you incur on property management expenses it reimburses you or pays on your behalf.

NOTE TO § 302-15.13: You may wish to consult with a tax advisor to determine whether you will incur any additional tax liability, unrelated to your agency's payment of your property management expenses, as a result of maintaining your residence as a rental property.

## 41 CFR Ch. 302 (7-1-11 Edition)

### Subpart B—Agency Responsibilities

NOTE TO SUBPART B: Use of pronouns "we", "you", and their variants throughout this subpart refers to the agency.

**§ 302-15.70 What governing policies must we establish for the allowance for property management services?**

You must establish policies and procedures governing:

(a) When you will authorize payment for property management services for an employee who transfers in the interest of the Government;

(b) Who will determine, for relocations to official stations in the United States, whether payment for property management services is more advantageous and cost effective than sale of an employee's residence at Government expense;

(c) If and when you will allow an employee who was offered and accepted payment for property management services to change his/her mind and elect instead to sell his/her residence at Government expense in accordance with paragraph (d) of this section; and

(d) How you will offset expenses you have paid for property management services against payable expenses for sale of the employee's residence when an eligible employee who elected payment for property management services later changes his/her mind and elects instead to sell his/her residence at Government expense.

EFFECTIVE DATE NOTE: By FTR Amdt. 2011-01, 76 FR 18344, Apr. 1, 2011, § 302-15.70 was revised, effective Aug. 1, 2011. For the convenience of the user, the revised text is set forth as follows:

**§ 302-15.70 What governing policies must we establish for the allowance for property management services?**

You must establish policies and procedures governing:

(a) When you will authorize payment for property management services for an employee who transfers in the interest of the Government;

(b) When it is appropriate to authorize this service on a reimbursable basis to the employee, rather than paying the property management company directly, as long as any reimbursement is equal to or less than the agency negotiated rate for this service (agencies may require that employees hire

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only licensed and/or certified property managers).

(c) Who will determine, for relocations to official duty stations in the United States, whether payment for property management services is more advantageous and cost effective than sale of an employee's residence at Government expense;

(d) If and when you will allow an employee who was offered and accepted payment for property management services to change his/

her residence at Government expense in accordance with paragraph (e) of this section; and

(e) How you will offset expenses you have paid for property management services against payable expenses for sale of the employee's residence when an eligible employee who elected payment for property management services later changes his/her mind and elects instead to sell his/her residence at Government expense.